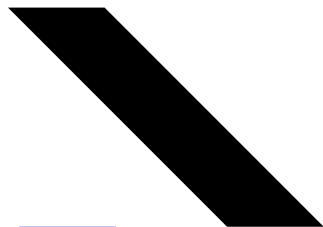
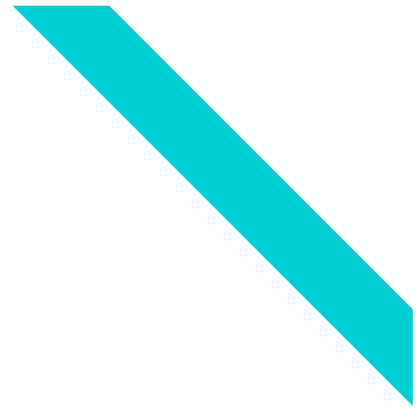


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Q3 2024 VOYA FINANCIAL INC EARNINGS CALL

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- **Don Templin** *Voya Financial, Inc. - Chief Financial Officer*
- **Mike Katz** *Voya Financial, Inc. - EVP Finance*
- **Matthew Toms** *Voya Financial Inc - Chief Executive Officer - Voya Investment Management*
- **Robert Grubka** *Voya Financial Inc - Chief Executive Officer - Workplace Solutions*

CONFERENCE CALL PARTICIPANTS

- **Operator**
- **Ryan Krueger** *Keefe, Bruyette & Woods - Analyst*
- **Wes Carmichael** *Autonomous Research - Analyst*
- **Joel Hurwitz** *Dowling & Partners Securities, LLC - Analyst*
- **Tom Gallagher** *Evercore ISI - Analyst*
- **Wilma Burdis** *Raymond James - Analyst*
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- **Joshua Shanker** *Bank of America Securities - Analyst*
- **John Barnidge** *Piper Sandler - Analyst*

PRESENTATION

Operator

Good morning. Welcome to Voya Financial's third quarter 2024 earnings conference call. (Operator Instructions) Please note this event is being recorded.

I would now like to turn the conference over to Mei Ni Chu, Head of Investor Relations. Please go ahead.

Mei Ni Chu *Voya Financial Inc - Investor relation*

Thank you, and good morning. We appreciate you joining us this morning for Voya Financial's third quarter 2024 earnings conference call. As a reminder, materials for today's call are available on our website at investors.voya.com.

Joining me on our call this morning are Heather Lavallee, our Chief Executive Officer; and Don Templin, our Chief Financial Officer. Following their remarks, we will take your questions. For the Q&A session, we will also be joined by our incoming CFO, Mike Katz,

and the heads of our businesses, specifically Rob Grubka, CEO of Workplace Solutions; and Matt Thomas, CEO of Investment Management.

Turning to our earnings presentation materials that are available on our website. On Slide 2, some of the comments during today's discussion may contain forward-looking statements and refer to certain non-GAAP financial measures within the meaning of federal securities law. GAAP reconciliations are available in our press release and financial supplement found in our Investor Relations website.

And now I will turn the call over to Heather.

Heather Lavalley Voya Financial, Inc. - Chief Executive Officer

Thank you, Mei Ni. Good morning, and thank you for joining us today. Turning to Slide 4 for our key themes for the quarter. First, we delivered strong business results in Wealth Solutions and Investment Management this quarter, this is the outcome of actions we've implemented throughout the year to drive stronger-than-expected revenue and margin improvement.

Second, adverse Stop Loss results led to a disappointing result in Health Solutions. We are actively repricing the stop-loss business to materially improve margins next year. Third, we are on track to close our acquisition of One America's full service Retirement business on January 1. This is an outstanding transaction for Voya, both in terms of strategic fit and financial attractiveness.

Finally, we continue to deliver strong free cash flows. We remain on track to return \$800 million in excess capital to shareholders in 2024 and are well positioned to significantly improve excess capital generation in 2025.

Turning to third quarter results on Slide 5. We reported adjusted operating EPS of \$1.90. Our EPS is 9% higher compared to the third quarter of 2023, supported by almost 20% growth in Wealth Solutions and more than 10% growth in Investment Management earnings. Strength in Wealth and Investment Management was offset by adverse Stop Loss results in the quarter.

In retrospect, we underpriced our 2024 book, which has resulted in the elevated loss ratios we are experiencing this year. We are taking decisive actions to address weakness in the business. Don and I will provide more details in a few moments.

In Wealth Solutions, revenue growth and adjusted operating margin are on pace to be above our 2024 target. Underlying commercial momentum across key full-service segments continue to build in the quarter, but we had full-service net outflows, participants surrender rates were within expectations and full-service sales are up 25% year-over-year at the highest level we've delivered since fourth quarter 2022.

Reported outflows were largely driven by higher average account values that have resulted from the recent run-up in equity markets. In the mid-market, this year's known sales are already significantly higher than total sales in 2023, and we continue to maintain market-leading positions in the government markets by participants and assets.

Voya Investment Management delivered a third consecutive quarter of positive net flows exceeding our organic growth target for the year. Our continuing strength in institutional fixed income and further expansion within the third-party insurance channel have been key drivers of net inflows in 2024.

And our growth in retail markets continues to build with net inflows across both domestic and international channels. In both Wealth and Investment Management, we have grown margins year-over-year. As shown on the slide, this quarter's disappointing health results takes us off course from achieving our full year EPS target. Despite this adversity, positive results and our other businesses keep us on track to return \$800 million to shareholders this year.

Turning to Slide 6. Our top priority in the immediate term is to significantly improve stop-loss margins. We are prioritizing higher margins over premium growth for the 2025 book. We are executing on substantial rate increases across both renewals and new business. Don will provide more specific details in his remarks.

We are also focused on integrating the One America business. We remain on track to close on January 1. Our execution on these two key priorities, combined with our continued emphasis on profitable growth, will allow us to generate even higher levels of excess capital in 2025, and we continue to execute on the investments that will drive our future growth.

As our Retirement participant base continues to expand, we are extending our presence and reach in the Workplace and growing out-of-plan assets and revenues. Retail client assets were up over 20% year-over-year as we continue to invest in this model and build our team. And as we told you last quarter, we are making strategic investments in lead management, that will enhance our competitive position in group life and voluntary. We are on track to launch our new solution early next year.

Turning to Slide 7. In September, we announced our acquisition of One America's Retirement business. This transaction is both strategically important and financially accretive. The acquisition has meaningful scale to our Retirement platform, a broader set of strategic capabilities and new opportunities for distribution partnerships. The transaction will deliver at least \$75 million of pretax operating earnings and over \$200 million of net revenue in the first year.

One America's significant presence in the emerging and mid-market segments advances our strategy to increase market share and grow our full service Retirement business, further defining our position as a leading Retirement provider across all market segments and tax code. We are thrilled to welcome the talented team from One America to Voya.

Turning to Slide 8. Determined actions we are taking to execute on our key priorities will expand free cash flows in 2025, and beyond the levels we're delivering this year. We expect that stop-loss repricing, the One America acquisition and continued profitable growth across our businesses will significantly increase our excess capital generation in 2025.

With that, Don will now provide more details on our performance and results. Don?

Don Templin *Voya Financial, Inc. - Chief Financial Officer*

Thank you, Heather. Let's turn to our results on Slide 10. We delivered \$1.90 of adjusted operating earnings per share in the third quarter, 9% higher than the prior year. This includes the effect of an alternative and prepayment income, which was \$0.22 below our long-term expectations. Although these returns are below our long-term target, our high-quality portfolio of alternative investments continues to deliver positive returns.

Fee revenues increased year-over-year in Wealth and Investment Management. This is a result of continuing commercial momentum and strong equity markets. Improved margins in Wealth reflect the actions we've taken to enhance spread income. This has helped to support approximately \$200 million of capital generation in the quarter despite unfavorable Stop Loss experience in Health.

Third quarter GAAP net income was below adjusted operating earnings due primarily to non-cash items. Moving to Health on Slide 11. Given our key near-term priority to significantly improve margins and Stop Loss, I want to start by addressing our Health results.

As Heather discussed, the January 2024 business was executed at rates that were too low. The very favorable performance of the 2022 business influenced the underwriting for both the 2023, and 2024 blocks of business. This resulted in expected loss ratios at the high end of our target range in 2023, and above our targets in 2024.

Higher frequency across most plain categories is driving the increase in expected loss ratio for the 2024 block. While disappointing, experiencing the elevated claim trends now has enabled us to adjust pricing on the January 2025 business we are currently underwriting.

Turning to Slide 12. We are prioritizing margin over in-force premium growth and are actively pursuing higher rate increases for the January 2025 book. We were able to achieve significantly higher rates for the non-January 2024 business. This gives us confidence in doing the same for the January 2025 business. Prioritizing margins over growth in the non-January 2024 business resulted in our non-January premium declining by 2%.

We are targeting average rate increases of 100% or 2 times prior year levels for the January 2025 renewals. This includes a focus on retaining cases that are performing well while ensuring we improve margins on underperforming blocks. We have also increased our targets on new business pricing, prioritizing margin over in-force premium growth.

Because we are prioritizing higher rates, we do expect lower sales and in-force premium year-over-year for the January 2025 book. We will share more on our fourth quarter call on how sales and renewals finish up. We are confident that our pricing and underwriting actions will significantly improve net underwriting results next year.

Turning to Slide 13. Adjusted operating earnings in Health were \$23 million in the third quarter. Results are lower primarily due to unfavorable loss ratio developments in Stop Loss. The unfavorable Stop Loss results have also impacted adjusted operating margin. While we are not satisfied with our results, we are confident the actions we are taking will meaningfully improve profitability in 2025.

Turning to Wealth on Slide 14. We continue to deliver value by driving improved outcomes for our growing number of customers. We have expanded our participant base at an approximately 6% CAGR since 2019. We have over 7 million participants today and we expect this to grow by over 15% in 2025. That is before factoring in One America, which will add material scale to our full-service business.

Our third quarter results include net outflows of \$222 million and \$224 million in full service and record keeping, respectively. In full service, participants surrender rates were in-line with our expectations and prior year. However, strong equity markets continue to impact average participants surrender values. Importantly, we continue to drive underlying sales momentum.

Third quarter full-service sales were the highest we've delivered in several years. We generated 4 times more mid-market sales than in 2023, and we maintained our leading position in the government market. Plan retention also remains high at approximately 98%. In recordkeeping, third quarter net flows were impacted by one large plan that delayed its decision.

Looking ahead, we have visibility on several large plan fundings expected to take place in the fourth quarter, which will drive positive net flows for 2024. We continue to invest in our retail wealth management business which serves the needs of both in-plan and out-of-plan customers. This has supported growth in retail client assets, which is up 20% year-over-year to \$31 billion.

Moving to Slide 15. Wealth Solutions earnings continue to track ahead of our 2024 targets, reflecting faster net revenue growth and strong adjusted operating margin. Third quarter adjusted operating earnings of \$211 million are 18% higher than a year ago. Fee-based revenues continue to grow from our expanded participant base. A focus on enhancing yield on the general account and cash balances has led to spread revenues ahead of our expectations.

Also helping spread revenues is the greater adoption of target date fund solutions featuring Voya as the core fixed income offering. Continued commercial momentum and actions to improve margins positions us to finish the year well above targets, and our Workplace strategy creates future opportunity for profitable growth.

Moving to Investment Management on Slide 16. We have executed a turnaround in Investment Management with a focus on delivering exceptional solutions. Our clients have responded with greater demand as evidenced by our year-to-date net inflows of over \$9 billion. This well exceeds our 2% organic growth expectation for the year.

Third quarter included \$3.8 billion of net inflows, representing the third consecutive quarter of positive net flows. Our leading positions in institutional fixed income and third-party insurance asset management as well as our distribution reach continue to serve as a competitive advantage.

In Institutional, positive net cash flows of \$1.8 billion were driven by strong demand for core fixed income. We continue to grow our preeminent insurance asset management business. As a result, we now partner with over 70 clients globally and manage over \$57 billion of AUM for third-party clients.

In retail, positive net cash flows of \$2.1 billion were driven by significantly improved business momentum in US intermediary and continued inflows in our international business.

Turning to Slide 17. We are delivering strong Investment Management results today with more runway for growth. Adjusted operating earnings were \$55 million in the third quarter compared to \$49 million in the prior year quarter. Third quarter net revenues were up year-over-year. Higher institutional and retail revenues were driven by strong commercial momentum in US and international markets, coupled with favorable equity markets.

Adjusted operating margin improved to approximately 27% on strong business momentum and expense discipline. Looking ahead, we continue to leverage our leading positions in institutional fixed income and third-party insurance asset management to support further client and asset growth.

Turning to Slide 18. Our capital generation continues to differentiate us from peers. Total capital return in the quarter was \$193 million. We repurchased \$149 million of shares, including \$80 million as part of a \$100 million accelerated share repurchase program executed in September.

We also entered into a 10b5-1 program that ensures we deliver on our capital return target of \$800 million this year. Additionally, our Board increased the share repurchase authorization by \$500 million, positioning us well for continued capital return in 2025. In the third quarter, we issued \$400 million of senior debt at a 5% coupon rate and were upgraded by -- we expect to retire the debt maturing in early 2025 with the proceeds of the recent debt issuance.

On a pro forma basis, the leverage ratio is 28%, well within our target range. We have deployed the proceeds from the debt offering across short-term, high-quality liquid investments. This will largely offset the incremental interest payments between now and the debt refinancing in the first quarter of 2025.

Turning to Slide 19. Let me remind you of the key themes Heather shared earlier. Strong business results in Wealth and Investment Management are driving revenue and margin improvement ahead of targets. Repricing actions and Stop Loss are expected to

meaningfully improve net underwriting results. The addition of OneAmerica should contribute at least \$75 million of adjusted pretax operating earnings next year -- and we are well positioned to significantly improve capital generation in 2025.

With that, I will turn the call back to the operator to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Ryan Krueger, KBW.

Ryan Krueger Keefe, Bruyette & Woods - Analyst

My first one was on Stop Loss. I was hoping you could provide more color on the underlying claim trends that you're seeing -- and what type of loss inflation have you built into the 80% loss pick for 2024?

Heather Lavalée Voya Financial, Inc. - Chief Executive Officer

Ryan, it's Heather. Let me start. First, as we said on the call, we're disappointed with our Stop Loss results. They've really masked what is a tremendous performance in our Wealth and our Investment Management business as well as our capital return story for the year.

But to get specific to your question, as we think about how claims have emerged throughout the year. If we take you back to second quarter, we had projected a loss ratio between 80% to 83% at that time. And that was really factoring in our actuarial pricing assumptions the completion on the '23 book of business and paid claims on the '24 book at that time, which were only 12% complete.

If I take you to through what do we know at the end of the third quarter, claims at this point are about one-third of the way complete, and we saw elevated claims across all different -- all claim categories. And that's what really drove the reserve assumption.

When we think about what we're doing about it as you heard Don talk about and I talked about it as well, is we're actively repricing the book of business I would think about medical trends. This first dollar medical trend is somewhere between 8% and 9%, which is factored into our pricing, where there's a leveraging effect on top of that, that is, as we've talked about, we are going for significantly higher rate increases on both renewals and new business, really favoring margin over premium growth.

And at the end of the day, we're confident in our ability to drive a significant improvement in underwriting margin on the block.

Ryan Krueger Keefe, Bruyette & Woods - Analyst

And then do you think the loss ratio will likely still be above your 77% to 80% target in 2025? Or are you optimistic you could get back to the target with the pricing actions.

Mike Katz Voya Financial, Inc. - EVP Finance

Yeah, Ryan, this is Mike. Thanks for your question. So we're absolutely targeting the 77% to 80% as what we're going for in this pricing season as Heather just mentioned, we're targeting an over 2 times rate increase on the renewals and obviously much higher on new business.

Maybe just a few things to think about as you try to get your head around 2025. As Don mentioned in his comments, when you look at the non-January business, we were able to get a 75% higher rate increase on that particular block. That resulted in an in-force premium reduction of approximately 2%.

Now I don't want the listeners to conflate what we're shooting for on non-January and the January 2025. We got what we're aiming for as it relates to non-January, the non-January book, which is different. You can also go back to 2017 into 2018, which was another example where we needed to go out and go get rate and we were able to do that. That resulted in an in-force premium reduction of approximately 5%. Now that's specific to the January business. It was roughly flat for the full year '17 into '18.

A little bit different this time is that then it was a bit more of a Voya issue versus an industry issue. So just stepping back, I think it's very reasonable to think that premium will likely be down and Stop Loss for 2025. As Heather just mentioned, we fully understand that the margin is what drives the bottom line results, and that's why we're super focused on that and why we're confident in the material improvement in cash generation next year.

Operator

Wes Carmichael, Autonomous Research.

Wes Carmichael *Autonomous Research - Analyst*

I had a question on OneAmerica. It looks like your financial targets remain unchanged versus the announcement. But I believe part of that book was up for renewal recently. I just wanted to understand if there's any change in your thinking regarding retention or shock lapse on that business.

Mike Katz *Voya Financial, Inc. - EVP Finance*

Wes, it's Mike. Thanks for the question. Yeah, \$75 million is unchanged. It does affect for higher lapses. So we typically will see and Don mentioned this in his remarks that we're retaining approximately 98% of the plans in wealth, which is a very strong result. We do expect lower persistency for the One America business.

I would think approximately around 90% is what's embedded in that \$75 million. I might remind though, that as we talked about in the announcement that the technology that we're moving this business on. So the technology One America has is the same technology we have. And so that should help in the transition. That should help in the persistency.

And then finally, as we've structured this deal with an earn-out and that earn-out protects from a retention perspective as well. So to the extent that retention is lighter than what we might have hoped for the \$160 billion earnout would do the same.

And so we feel like we got the right protections. We like how we're transitioning the business onto similar technology, and we believe we've got the right lapse assumption baked into the \$75 million.

Heather Lavalley *Voya Financial, Inc. - Chief Executive Officer*

Yeah. And Wes, if I can just add, it's Heather, on the One America we're super excited about this from a strategic perspective. And one of the things we really liked about the One America book of business is they have very, very high service levels great reputation in the market, and they already had a roadmap in place to be able to enhance some of their digital tools for participants, which we're going to be able to accelerate that for them by bringing them on the platform.

So we couldn't be more excited to welcome the One America clients and welcome the talented One America team in Devoy in January.

Wes Carmichael *Autonomous Research - Analyst*

Okay. My second question is on the EPS guidance. I think the updated guide implies roughly \$8 per share of operating earnings in 2024. Is there any insight you can share with us and how we should think about that for the next few years? I think your prior three-year CAGR for EPS was 12% to 17%. So any help with how we should think about the baseline and growth rate going forward?

Mike Katz Voya Financial, Inc. - EVP Finance

Wes, Mike, again. Yeah, absolutely. I think right now, it's a bit early on '25 guide and beyond. We're right in the middle of the planning season and working through that as we speak. But as we shared in the material, I think there's three important concepts that we want to make sure we get across.

I think, one, to your question on One America, that's going to add \$75 million of earnings next year. The second piece is just the normal organic growth that we expect, both from Investment Management and from Wealth Solutions.

And then finally, the third piece with respect to health solutions and the work we're doing right now on repricing, which we expect to materially improve, not only just cash generation but also earnings per share. So that -- those are the 3 main pieces that are going to affect how we think about 2025. But again, more to come as we get into the Q4 call around specifics.

Operator

Alex Scott, Barclays.

Unidentified Participant

This is Justin on for Alex. My first question, I just had a quick question on the Investment Management segment. I was wondering if you can provide any updates on sort of how the distribution expansion from the Allianz partnership has been developing. And as an addition, if you can sort of break out how we should think about that 3.2% organic split across US and international is available?

Matthew Toms Voya Financial Inc - Chief Executive Officer - Voya Investment Management

Thanks, Justin. This is Matt. I'll dive into that a bit. Very happy with the overall flow picture. As you mentioned, the \$3.8 billion. I'll start there. And part of what's exciting about that is, a, to build over the year to \$9.2 billion beyond our organic growth target of 2%. We're actually at a 3%-plus level there. But it's the breadth and you alluded to this in the international channels which we continue to see strength in international retail channel.

We have a preeminent income and growth franchise, as you know, and that continues to resonate very strongly, both internationally, but also we look to monetize and grow that business in the US. So that's a key pillar of our international component.

Globally as well, fixed income, of course, there's demand for dollar-based fixed income. We have very strong fixed income capabilities, and we're -- that's kind of waned to from a both public and private fixed income. So stay tuned for that. We're seeing that build in the second half of 2024.

We think there's more to come in 2025 around that. More broadly on flows, though, across channels, insurance and US intermediary quite strong. That's what's driving that \$9-plus billion year-to-date. And from an investment platform standpoint, both fixed income, private assets, and multi-assets are driving that growth. And that's that breadth that's helping with, of course, the margin growth. So quite happy with the result.

Unidentified Participant

And if I can just ask a quick follow-up. I was wondering if you can sort of comment on the pipeline for net flows in the wealth solutions business as well, maybe across corporate tax-exempt and record keeping.

Robert Grubka Voya Financial Inc - Chief Executive Officer - Workplace Solutions

Yeah, sure. So in the Wealth business, as we've guided here over the last couple of quarters, we're going to come in a little bit light because of what we've seen in the equity markets. As we think about the commercial momentum, though, what I'd really point you out is the 39% increase in the transfer deposit row, in the supplemental materials. So we feel really good about that and emerging. That's translated in 25% growth in sales.

As we've talked about for a couple of quarters here, the growth in the mid-market has been really strong at 4 times versus prior year, and we maintain a lot of momentum within the government space. As we think about forward view, working really hard to turn that to positive flow in full service and expect to do that next year as we think about recordkeeping.

We'll have a really strong fourth quarter. We didn't put that in the material, but we'll be close to the \$3 billion guide that we've given previously. And as we look ahead, again, a really strong pipeline and expect to put on a really strong participant growth as we look into '25. So I think on flow perspective, the go-forward view, we feel good about the things that we're seeing and come into the system.

Heather Lavalley Voya Financial, Inc. - Chief Executive Officer

And just to build on Rob's point, for a second, if I can, not only do we feel good about the commercial momentum that is building, but as you think about the very, very strong earnings and margin, we're able to deliver this year. That's one we're just incredibly proud of the team.

Operator

Joel Hurwitz, Dowling & Partners.

Joel Hurwitz Dowling & Partners Securities, LLC - Analyst

First, I just wanted to follow up on the Walt pipeline. Don, did I hear you say you expect 15% participant growth in Walt next year, excluding One America? And if so, just how much of that is record keeping versus full service?

Robert Grubka Voya Financial Inc - Chief Executive Officer - Workplace Solutions

Yeah. This is Rob. I'll chime in on that one. I won't split it out for you. Certainly, a meaningful part of it is record keeping, just given the size difference in how you would think about full service versus recordkeeping. But it's momentum in both segments. It's just representative of the different size of cases that come in.

And we feel really good, obviously, as we think about the expense discipline that we've had the ability to bring on and contain the participant growth that we've had over the last number of years being in that 6% range as we think about how we position ourselves from a technology perspective.

We've done a lot of work over the last few years to bring scale and capability not only helping us deal with organic growth, but also integrate on America in a really thoughtful, disciplined way. And I would say a quick way. So the team is very focused on how we do that and manage expenses in a really disciplined way as we look forward. But the growth, I think, is something to be really proud of. We got to execute against that, but we feel like we're really well positioned to do that into the future.

Joel Hurwitz Dowling & Partners Securities, LLC - Analyst

Got it. And then shifting to Stop Loss. You continue to target a 77% to 80% loss ratio. But if I look at your premium rate filings, they suggest commission expenses have been rising over the past several years and margins at a 77% to 80% loss ratio look like they'll be pretty thin and below peers. Just any color where targeted margins have trended over the past several years. and maybe some color on why that loss ratio target hasn't moved lower?

Robert Grubka Voya Financial Inc - Chief Executive Officer - Workplace Solutions

Yeah. Well, look, there's obviously a number of variables to take into consideration when we think about getting to margin commission and expense around the distribution of the products is an element.

Obviously, we continue to, as we scale, do that efficiently, effectively from an overall expense perspective as well. That's a business where we've got scale. We take advantage of that scale and discipline around the expense operational piece of it as well. Again, our view is the 77% to 80% is where we're going to strive to get to and expect to get to.

So those are market dynamics that are always going on the ebb and flow of distribution partners and what their expectations are. Those are things we've managed for a number of years. And frankly, we do it across all that crores is doing there's always an that are involved.

Operator

Tom Gallagher, Evercore ISI.

Tom Gallagher *Evercore ISI - Analyst*

Just a few quick ones on Stop Loss, if I could. The -- I guess, the first one, will the competitive environment allow you to push through double the amount of rate while still having just single-digit declines in top line. I think that was sort of what you all were implying based on the experience from the middle part of '24 and what you saw there. But do you -- I would say, from what you're seeing in pricing and the setup, do you think it will be directionally comparable?

Robert Grubka *Voya Financial Inc - Chief Executive Officer - Workplace Solutions*

Yeah, certainly, Tom. As we look at it, obviously, every year is a little bit unique, and this is certainly set up for a unique challenge just given the severity of what we're seeing. It honestly helps when you think about the cases that are the worst performing.

There's data, as we talked about and just underscore it the fact that things have turned quickly as we're sitting here today, we've got a lot of ability to build that into our pricing and the actions that we're taking. Does it make it easy but it makes it really clear of why we're going after the rate we're going after and why it gives us confidence as we also think about balancing the book of business, things that are maybe running more poorly versus the things that are running within expectations.

Obviously, there's a balance there. And I think as Mike alluded to, the expectation on modest impact of the book of business is how we're seeing it and how we feel like given the market interactions we're having today.

Heather Lavalley *Voya Financial, Inc. - Chief Executive Officer*

So simply put Tom, we believe that we can execute on the meaningful increase in the Stop Loss pricing very effectively.

Tom Gallagher *Evercore ISI - Analyst*

Got you. And then -- how do we think about the cadence of the margin improvement in Stop Loss, if 4Q is, let's call it, 86% and you execute as expected, are we going to see a gradual earn-in -- and will it take a while to get to that 77% to 80% pricing objective or target or is it possible you'll see that tuner in the first half of the year? Is it just -- maybe just talk about the earning element and how long it takes?

Mike Katz *Voya Financial, Inc. - EVP Finance*

Tom, look, there's claims that are going to come in. So there's -- these are estimates. These are best estimates. But if we land in the 86% ZIP code the rating increases that Don, Heather and Rob have been talking about, that -- we have a lot of confidence we would be back in that target.

So now we need to get through the renewals, we need to get through the pricing. We need to see how that lands. I think to your question on what happens to the premium, as Rob suggested, I think it's -- we expect a modest decline, but we're about halfway through.

So more to come, but I think it lands in that 86% ZIP code, then -- what we're targeting is a very rational place to land in calendar year 2025.

Operator

Wilma Berges, Raymond James.

Wilma Burdis Raymond James - Analyst

I think Tom just kind of asked my question, but I just wanted to clarify a little bit -- so when you guys talk about the 86% Stop Loss ratio, is that for policy year 2024. So does that kind of mean through the first half of '25? Or how should we think about that?

And then related to that question, if you could talk a little bit about the premiums. I guess you just said they should be off maybe modestly in 2025. Is that how we should think about it?

Mike Katz Voya Financial, Inc. - EVP Finance

Will, it's Mike again. So yeah, I think you're thinking about it right, just with respect to the premium piece. We try to give a bit of color on what happened in Jan and what happened back in '17 into '18 that gives us the confidence as well as just what's happening right now as we're moving through the pricing season.

The other piece that we've done in the investor supplement is to give you a sense, not only what's happening with Stop Loss in the particular quarter, but how do all the different cohorts come into play. So you'll be able to see for non-Jan and Jan, both -- all three, 2022, 2023, 2024.

And so when we're talking about the 8% that's on the January '24 business. That now if you factor in non-Jan it kind of gets you to a similar place, but we're trying to be very specific about this January 2024 business. And why is that? That's the business we're actively repricing right now. We feel we got the success we needed on that non-jan '23 coming into non-Jan 2024. And next up is that January 2025 business.

And right now, we believe that we can get the rate increases that drive that meaningful improvement in cash generation next year, and that will be off kind of the best pick of 86%, which we have for the January 2024 business right now.

Wilma Burdis Raymond James - Analyst

Okay. And then could you talk about the performance in the income and growth strategy? And also maybe just discuss a little bit what kind of impact you might expect if AGI has acquired.

Don Templin Voya Financial, Inc. - Chief Financial Officer

Thanks, Wilma. I'll start on incoming growth. And you'll notice in the performance materials provided some change in the short-term performance there. I want to call out what drives that. So the incoming growth strategy competes versus a peer group that is much less homogeneous than many other spaces. That's actually part of its success. But if you think about that strategy, it's a blend of one-third convertible bonds, one-third high-yield bonds and one-third equity.

This product will inherently have a lower equity beta during a rally like that we've seen -- but it continues the product to have a very high distribution rate. And this is the income generation is the key characteristic for the product. Longer term, of course, the product is performing extremely well with top decile performance relative to peers. So very happy about that. That continues.

And that performance and that income generation is what resonates and what has helped to continue to build the flows in the product for the earlier question, that is a key part of our success internationally in partnership with AGI. AGI more broadly, we appreciate the partnership we have with Alliance and Allianz GI, both today and into the future, just to be clear, these world-class investment solutions meet a very specific client need.

And we both enjoyed that since the 2022 transaction. To put a finer point on it, income and growth is important as our thematic equities, but also a building array of fixed income products globally, both public and private where we have momentum today, but we really have excitement about the future path, and we look forward to continuing that growth together.

Operator

Suneet Kamath, Jefferies.

Suneet Kamath Jefferies LLC - Analyst

Starting with the Stop Loss. Mike, I think you had made a comment in one of your answers earlier, thinking back to that 2017 and '18 experience. And I think you referred to it as sort of a Voya-specific issue that you're dealing with. Is what you're seeing now more of a similar sort of thing where it's Voya specific? Or do you think this is sort of an industry-wide issue because I think that would have implications for your ability to reprice but also grow the top line.

Heather Lavalley Voya Financial, Inc. - Chief Executive Officer

Yes, Suneet, it's Heather. Let me start on that one. So -- if you think back to 2018 to 2017, we do think it was a bit more Voya specific, but the key message in that was our ability to get over a double increase on the book successfully in 2018. And that really gives us the confidence to be able to execute once again.

And just maybe as a reminder to everybody, we've got a really long track record of effectively managing this book of business very profitably and well into the loss ratios targets that we've done for a long period of time. Specific to this year, as we said, there's really two factors. First is the fact that we did underprice the '24 book of business, which we're actively working to correct.

And we're also seeing the higher elevated claims, which we believe Dave, as Rob mentioned, is a bit more of an industry issue right now. We are seeing higher claims coming in and higher cost of claims as the impacts of inflation to impact medical.

Maybe the final point is back to a question, Tom had is we are appropriately factoring that into our repricing efforts which gives us that confidence to be able to improve the underwriting margin and ultimately get our loss ratios back within our target range, hopefully within the '25-year.

Suneet Kamath Jefferies LLC - Analyst

Got it. Okay. And then I just wanted to pivot to One America. Can you give us maybe a sense of how the flow picture has looked there, what it looks like today and maybe what it's looked like over the past couple of years, just to get a sense of how the asset growth as where the asset growth has been coming from?

Robert Grubka Voya Financial Inc - Chief Executive Officer - Workplace Solutions

Yeah, sure. This is Rob. I can give you a little bit of color and Mike alluded to it in one of his answers around One America. Look, they've had a higher than what Voya's experience plan retention loss. So think about in that low 90% range. That's gone on for a few years. Part of what they've been focused in on is strengthening their service delivery continuing to build on distribution relationships and partnerships that they built over a number of years.

But their flow story was a little bit more complicated given those planned retention rates. As we look ahead, importantly, as we think about the future, they're bringing a couple of new relationships that we very much focused in on establishing our own relationship with those firms so that we can continue to drive top line sales and retention both there's capabilities that they bring like SAP that we've alluded to a number of times, and there's additional capabilities we get into preparing for the close on 1/1.

And then we've got a great team that's coming over and joining Voya. So we're excited about the plan and client management teams and those that deliver service on a day-to-day basis, that's going to be a really important part of how we feather that into the broader commercial momentum that we've talked about on this call already within the core Voya Wealth business.

Operator

[Nick], Wells Fargo.

Unidentified Participant

Most of my questions were answered here. But I guess just another on Stop Loss. Is there any specific states or regions that you guys can call out that are running, I guess, hot? Or is it just broad.

Robert Grubka *Voya Financial Inc - Chief Executive Officer - Workplace Solutions*

Yeah. I'll chime in on that one. So as we think about looking at the book and the actions, as we've alluded to, there's parts of the book of business that are running well and within expectations. And then there's a one-third of it that is run at an elevated loss ratios.

So as we think about peeling back that one-third of the business, what are the drivers. So we're looking at a number of different things from who the underlying medical carrier is? Are there certain industries or certain regions to your question.

There's elements of yes to all those things. Again, but what we're doing with the data that we got, the experience that we got is factoring that in and being very targeted at a case level, on what we go after and how we think about driving a healthy mix of business, again, as Don alluded to in his opening comments.

But yes, the team is doing the peel back of the data and understanding the drivers and -- more of that will come, obviously, as we get further into the development in fourth quarter and first quarter.

Mike Katz *Voya Financial, Inc. - EVP Finance*

And I just want to underscore Rob's point just on a case-by-case basis. And so although we'll look at things by state, region, et cetera, I mean, at the end of the day, the underwriters are looking at this for each individual case. I think, as Heather mentioned, disappointed in the elevated claims, but it's also good to see that right now. So as we're underwriting that business, we're able to take effect for that for each case that we're pricing.

Operator

Josh Shanker, Bank of America.

Joshua Shanker *Bank of America Securities - Analyst*

Unfortunately, another Stop Loss question. I just want to talk about your market share or your unit volume gains in 2024, given what you said was underpricing. Did it help you grow in 2024 as you took share from your competitors?

Robert Grubka *Voya Financial Inc - Chief Executive Officer - Workplace Solutions*

Yes. Thanks, Josh. So look, as we -- as Heather has alluded to, we didn't hit the mark from a rate perspective. That's obviously very clear given the loss ratios that we're seeing.

As we think about, okay, what would you do differently, certainly, the volume that we got on a new sales perspective was outsized relative to prior growth rates. We've certainly been growing fast, but it was much faster than we've seen in the past. So that's an area that, obviously, we asked for a do-over on that.

From a renewal perspective, again, that's an area where given the sequence of experience that came in, in '22 being very, very strong, '23 developed later in the calendar year. So we wish we would have known more about that earlier, but that's the way the

business just operates and claims develop. So those two things really contribute to when we talk about not getting the rate we need those were the drivers.

Did it drive more volume? Yes. As we sit here today, taking advantage of the book size and scale, certainly, we do. But at the same point, we're leveraging the experience that we're seeing and what the claims are telling us to drive the actions that Mike Heather and I are alluding to here.

Joshua Shanker *Bank of America Securities - Analyst*

So not that we have this data in the supplement, but should we expect in 2025, new business generation is equivalent to 2023? Or will it be lower as you engage in the repricing?

Robert Grubka *Voya Financial Inc - Chief Executive Officer - Workplace Solutions*

Well, look, I'd rather than try to bifurcate it. I'd really come back to Mike's comments and Heather on the book growth and where we think the book will go. We just want to get the right rate whether it's new business or renewal and that's the focus such that we're getting the right margin and meaningfully improving things in '25.

Operator

(Operator Instructions) John Barnidge, Piper Sandler.

John Barnidge *Piper Sandler - Analyst*

My question is on the One America transaction. Can you talk about opportunity to cross-sell products across the franchise into that base and potential for investment portfolio repositioning.

Mike Katz *Voya Financial, Inc. - EVP Finance*

So maybe I'll have Rob hit the cross-sell piece. But just with respect to the investment portfolio, as we shared in the material earlier this year, a very conservatively positioned portfolio. And I think that does drive some opportunity for us, John. I think maybe the words I would share with you is over time.

Obviously, these are held-to-maturity assets. And so we'll look for opportunity to reinvest that as those opportunities exist, you can assume we're going to take advantage of that. Is that going to be a big driver for next year? I don't think so. But again, over time, will be helpful to us.

Robert Grubka *Voya Financial Inc - Chief Executive Officer - Workplace Solutions*

Yeah. And John, to your question around cross-sell, I'd really hone in on ESOP is an area where we've got a capability that we're bringing on board that's going to, I think, be meaningfully useful when we think about the Voya book of business. And so that would be probably the tip of the sphere.

And don't forget, we've got another 800,000 participants that are going to be coming on board when we close this transaction. We've talked in the past, and we'll continue to talk about the investment and the focus on the retail wealth management business and how we can engage with in a more consistent early way and an ongoing way with participants on how we advise support and guide them and obviously making really important decisions there long term financial wealth.

John Barnidge *Piper Sandler - Analyst*

And then my follow-up question is around the margin over market share in health solutions and around sales. Is there a segment of the book that you're non-renewing? And how do you view the opportunity to cross-sell in another open enrollment with Benefitfocus in the franchise?

Robert Grubka *Voya Financial Inc - Chief Executive Officer - Workplace Solutions*

Yeah. So really quickly on every year, there's an element of not renewing. Some of that is because we give a rate that they just don't like and sometimes someone is getting more competitive, whatever the reasons are, there's always in Stop Loss. Think about a 25%-ish impact of the cases, the book of business. That's just the ongoing nature of renewable product competitive marketplace.

So as we sit here, again, I think the book of business view that we've given you is our best view of what the ultimate impact will be on that. As we think about Benefitfocus, it is great the question on that. They're going through open enrollment as we sit here today. They're doing an excellent job of positioning themselves for another great 1/1 enrollment cycle.

So really proud of the direction on service and execution, the building back of relationships we've talked about before, intermediaries is going in a really good way. We think all that over time leads to a business that we can materially grow over the next few years and drive revenue in the right direction.

As we think about the execution, at this point in time, the focus has been on them just running a successful enrollment. And then as we think about the future our opportunities to continue to leverage not only what they do, but the other products in the portfolio. We look at that holistically across and those opportunities are going to emerge as well.

Operator

This concludes our question-and-answer session. I would now like to turn the conference call back over to Heather Lavalley for any closing remarks.

Heather Lavalley *Voya Financial, Inc. - Chief Executive Officer*

Thank you. I'd like to thank everyone for joining us today. And on the next quarter call, we're going to continue to update you on our near-term priorities around improving the stop loss margin closing the One America deal and continuing to drive the profitable growth we've been generating across our core businesses. Thank you for joining us, and have a great day.

Operator

Thank you. This concludes today's conference. You may disconnect your lines at this time, and thank you for your participation.

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